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Immediate Release- SPX- BONDS – Institutional Report

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Executive Summary.

	Current Price	POM Triggered within CZ & Date	Announcement- ST Trend reversal & Risk Management.	Progress Status	Existing Position / Exposure	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
SPX- 500	2433	POM 15 Triggered @2375 3/19	None	BEARISH	Net Short to Fully Hedge long positions	None	Momentum 3 rd drive to the Top complete at 2445	Double Top Not complete At 2445	1 st ABC Target to 2390-60 and rally up	2 st ABC down -2280-2300	<u>Best Risk/ Reward for new longs</u>

- **POM 15 – Net Short Signal Triggered at 2375 on 3/19 Announcement:** Hedge all Net Long positions (FB,MSFT,JNJ)
- One more possible rally to **2445** to double test the spinning top
- Weekly close **below 2425** to Trigger decline
- 1ST ABC target to **CZ 2390-60** and rally up
- 2ST ABC downside Target at **CZ 2280-2300**. (Next Net long opportunity for best Risk / Reward).

	Current Price	POM Triggered within CZ & Date	Follow up Announcement- Update For ST Trend Reversal & RM	Progress Status	Existing Position / Exposure	NEW ACTION (Trigger to Watch)	Upside CZ Near Term	Upside CZ Mid term	Downside CZ Near term	Downside CZ Mid term	Remark
TLT (BONDS)	126.40	POM 13 Triggered 3/13 @ 118.25 Within CZ 117-118	None	BULLISH Short term Pull back	Net Long	Announcement Exit ½ Net long position (balance ½ Stop loss 123)		Target to PEC-D / 127 Almost met	Pull back to CZ 124.5-123.5 On lighter volume	Pull back to CZ 121-122 Rejected lows – Exact. Bullish Bottom	Lows of 116.5 tested and Rejected Bullish Bottom

- **POM 13 – Net Long Signal Triggered at 118 on 3/13 Announcement:**
- **Announcement: Exit ½ position for 7.2 % Profit.**
- Projected Rally to PEC-D 127.0 Approaching.
- **TLT profit objective Met : Equivalent to 1400 DOW points in 3.0 Months**
- We plan to Re – enter TLT back in at the appropriate time.

Market Overview SPX- BONDS

TLT: Triggered POM 13 – Bullish within CZ 117-118: on 3/13.

Our target to PEC-D 127 Met with Bullish top. We EXIT ½ of our Net Long position for 7.2% Profit .

Next: Pull back to CZ 123.5-124 and rally up. We plan to reenter TLT at appropriate time.

Bond Market Inflow in past 30 days has been approximately 90 Billion (USD

After the FOMC meeting Bond Market exploded to the upside reaching within our Projected target of PEC-D 127.). Rally in Bond Market suggests that we are in negative rate of returns adjusted for Inflation

Bond yield around the Globe has been dropping. The consequence of negative yielding sovereign debt is doomed to explode someday. Japan at 0%, Britain at 0.9% and German at 0.2% in comparison US 10 year Treasury at 2.1%; the higher yield in US has attracted foreign sovereign buyers pushing the US Treasury higher. Money continues to flow as indicated in Bullish top.

Yield curve has been falling past 3 months and past 3 years the yield curve has been Flattening.

The 10 year and 2 year spread has been widening. We think that the Bond market is expecting higher Inflation to come in spite of weaker CPI number which does not include food and energy. Due to this spread GOLD market sold off on FOMC day after being as high as 1288 prior to FOMC announcement in spite of Yields dropping.

In any event we let the Bond market fight it out as we EXIT ½ of our Net Long position.

SPX: POM 15 Triggered – Net Short @ 2375 on 3/19.

Our Net long positions in **FB, MSFT and JNJ** are fully hedged with protective downside decline. We still remain bearish on SPX since 2375. Price move above 2380 is not a validated ABC up.

Past week: In our Report, we *indicated that the price action on 6/9 was indecisive spinning top with exhaustion volume. The deep lows at 2420 and deep highs at 2445 (Double top) will be tested before SPX begins the decline.*SPX tested the lows at 2420 and has rejected.

Next: The Highs of 2445 (Double top) will be tested possibly this week. The short term 3 drives to the top Pattern within larger 3 drives to the top at 2445 needs to be completed. Currently the Put Call ratio at 0.8 is suggesting a bounce.

The 3 month Time cycle is due this week. Possibly the high may be put in after the bounce. In terms of seasonality, low volume vacation trading is progress. June has been down 60% of the time past 20 years.

All Major (5) Indices are showing negative Indices. MC – Oscillator below 0 which is bearish and VIX diverging negatively vs SPX. On weekly basis, **SPX** is building a distribution pattern with multiple “Signs of weakness and escalated bearish volume.

If SPX close below 2425 on weekly basis, the downside target is projected at CZ 2360-90.

Based on Fundamentals of the Market, the latest report by the cyclically adjusted price to earnings ratio, or CAPE, the current level has been hit only five other times over the last eight decades, and four of those came right before major stock market tops. The only exception came during the years of the late 1999, during the run up of the Internet bubble.

On the Contrarian basis, the average portfolio allocation that U.S. households have to equities is the highest. The Margin level is at 300 Billion. This combination of high allocations and High margin correlated with poor subsequent 5 years returns by valuation metrics.

Note: Wall Street’s obsession and public euphoria with Equity market does not impact us a bit. Our holdings in Bonds, Gold and Technology stocks have performed far better in 2017 v/s SPX

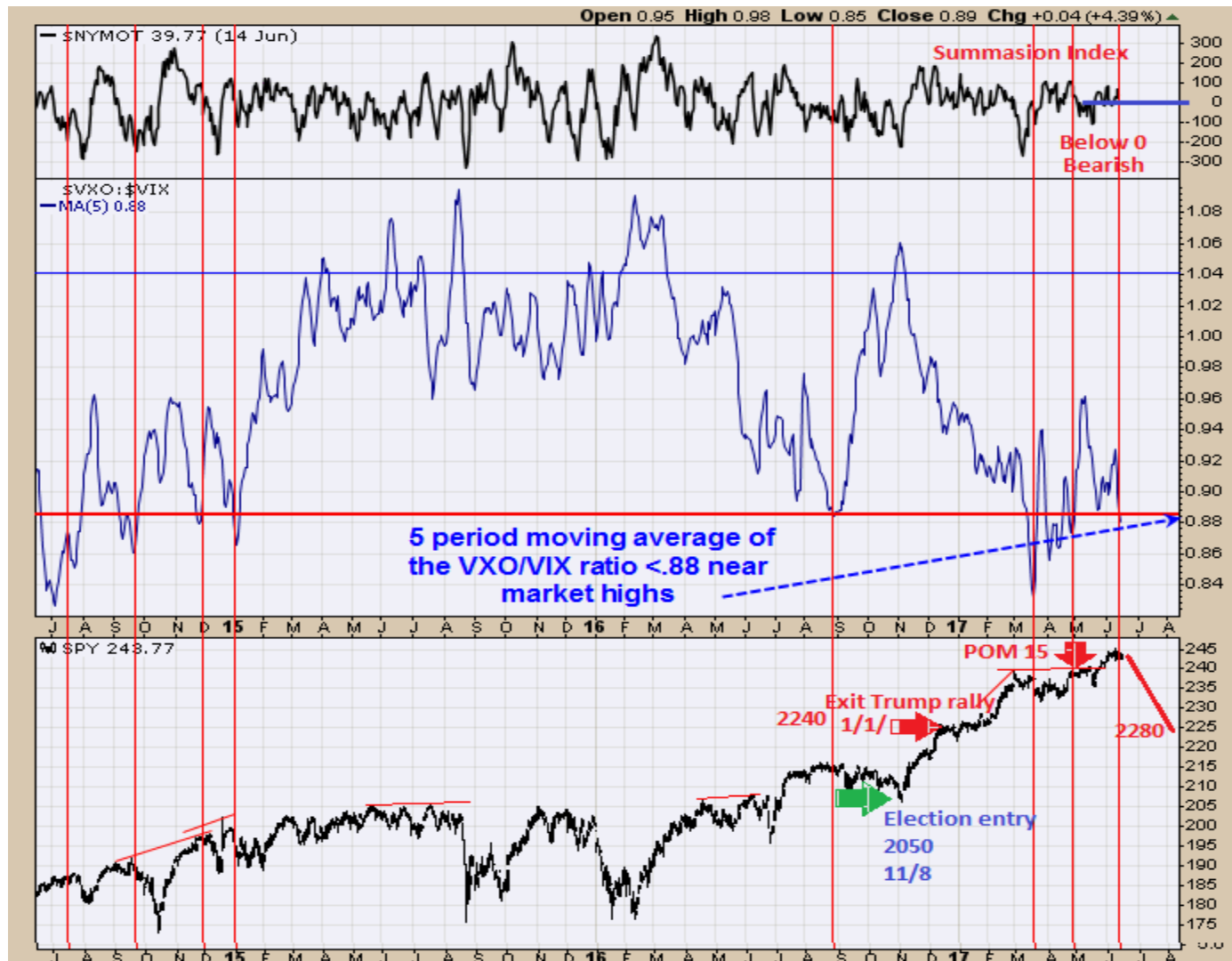
SPY / Volume Analysis – C Z- PEC- D Daily –

The Highs of 2445 (Double top) will be tested possibly this week. Currently the Put Call ratio at 0.8 is suggesting a bounce. The short term 3 drives to the top Pattern within larger 3 drives to the top at 2445 needs to be completed. The 2445 is high volume indecisive spinning top exhaustion with deep highs. The lows of 2420 spinning top was tested last week. **If SPX close below 2425 on weekly , the downside projected target 1st ABC CZ 2360-90. (This is apparently the downside target of 3 Drives) .**



SPY / Volume Analysis – C Z- PEC- D Daily

The 5 period moving average of the VXO/VIX ratio reached below .88, the market is usually near a high. The Summation Index to close below 0. SPX should test the “Spinning top” high of last Friday (2445) which could trigger a bearish setup. The downside target 2st ABC CZ 2280-2300



BONDS - TLT / Volume Analysis – C Z- PEC- D Weekly

Our target to PEC-D 127 Met with Bullish top. Pull back to CZ 123.5-124 and rally up.



SPX – Cyclical Model

- SPX - Seasonality

Negative- Post Presidential Cycle.

- SPX - Geomagnetic / Lunar Cyclic Model

Negative

- SPX - Sentiments Model

AAll Weekly Sentiment Survey – Bullish

SPX – Internals Model

- Midterm - TICK / TRIN - Bearish
- AD Oscillator, Ratio's – Bearish

Appendix Content

- Objectives & POM /CZ / PEC –D Guidelines – Refer to detail Annexure
- POM – “ Price Oscillation Model “ Criteria
- PEC –D “ Pythagoras – Expansion & Contraction Criteria
- CZ- Confluence Zone Criteria
- TEXTURES – Bullish , Bearish , Neutral

Critical backdrop Notes –

- *Price path Analysis is running commentary of the Market’s price behavior , Not a Trade Signal.*
- *Intermittent CZ’s are Short time out / Risk management for overweight position / rebalancing spots. Unless your own Portfolio objective demands.*
- *POM’s are Action points. Also at times Action points is at Main CZ’s when specifically announced Triggers.*
- *Model does not encourage Buying in between unless its false break upside or false break downside soon after POM / Main CZ Trigger and is specifically announced . Model stays with Trend POM to POM Signal.*

POM criteria for Implementation on SPX

- POM is rated from 10 to 15
- POM 14 , 15 (is Sell Signal) and 12 , 11 (is Buy Signal) both are the Actionable Area whereas POM 13 is A Neutral Signal for Risk management
- On way UP move, POM 13 signifies to STOP executing additional “New Buys” that was initiated at POM 12 or POM 11 levels
- On way DOWN move, POM 13 signifies to STOP executing additional “ New Short Sells” that was initiated at POM 14 or POM 15 levels
- (Bear Markets) POM 15 is for - Net Short & POM 14 is for - Hedge Longs
- (Bull Markets) POM 15 is for -Hedge Longs & POM 14 is for - Partial Hedge
- POM 12 & 11 is for Net Long
- POM 10 is Climatic Crash low Buy Signal to add to Net long position (Rear event)

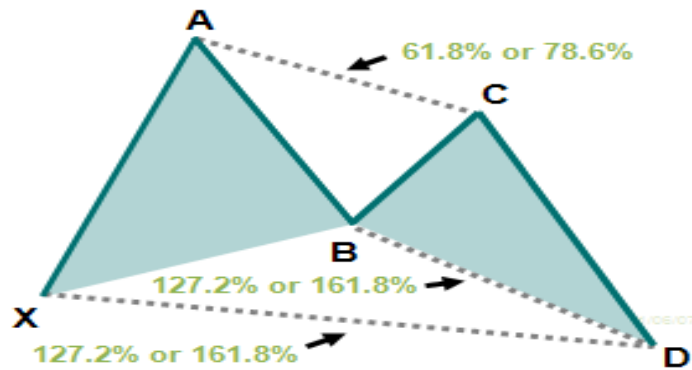
Pythagoras Expansion / Contraction – (PEC) Model

- PEC Model is a 2th Derivative Timing Tool utilized on core currencies which identifies the turning point, for Tops and Bottoms on “Short & Intermediate term” Trend in the currency market.
- Methodology is based on Mathematical Pattern Recognition with Symmetrical Pythagoras Triangular expansion and contraction (PEC) in concert with Price Oscillation (POM) . This has a high probability for greater accuracy on Price projections at confluence when Integrated together.
- Once our POM analysis is complete, it will overlay PEC. The input signals are from tracking rolling Arithmetic Numerical series of Regression utilizing Fibonacci to Identify Triangular patterns of Expansion / Contraction. Triangular pattern completes at the convergence of 2 separate Fibonacci extension levels and overlay Price Oscillation Model.
- Since the Currency has 2 dimensional pairs, PEC is critical to analyze with 2x2 Fibonacci steams to achieve confluence point D coinciding with POM

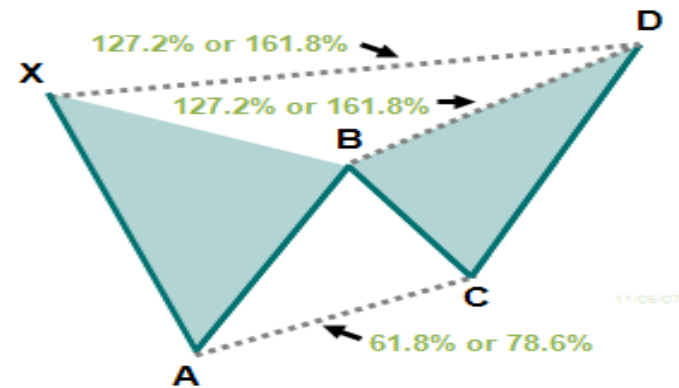
PYTHAGORAS EXPANSION / CONTRACTION –(PEC) Model

The output signal of ABCD price moves preceded by a swing high or low (XA) generates projection point D, which is actionable point derived from 2 connecting triangles with convergence ratio. As with all geometric patterns, a Buy or Sell signal occurs as the pattern completes at point D

Buy Pattern (bullish)



Sell Pattern (bearish)



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